

Downtown Beaverton Retail Perspective

August 2012



City of Beaverton Goals

- Draft a workable retail attraction strategy
- Strengthen the downtown retail mix
- Entice quality retailers that residents desire

Assessment Factors

How is Downtown Beaverton evaluated against the competition from the points of view of retail prospects, investors and customers?

- Consumer marketplace
- Market opportunity
- Available shopping
- Business mix
- Real estate product
- Retail vision/development plan
- Vibrant retail streets
- Accessibility
- Local incentives
- Community image & identity
- Marketing & promotion
- Target business marketing & lead generation

Ratings:

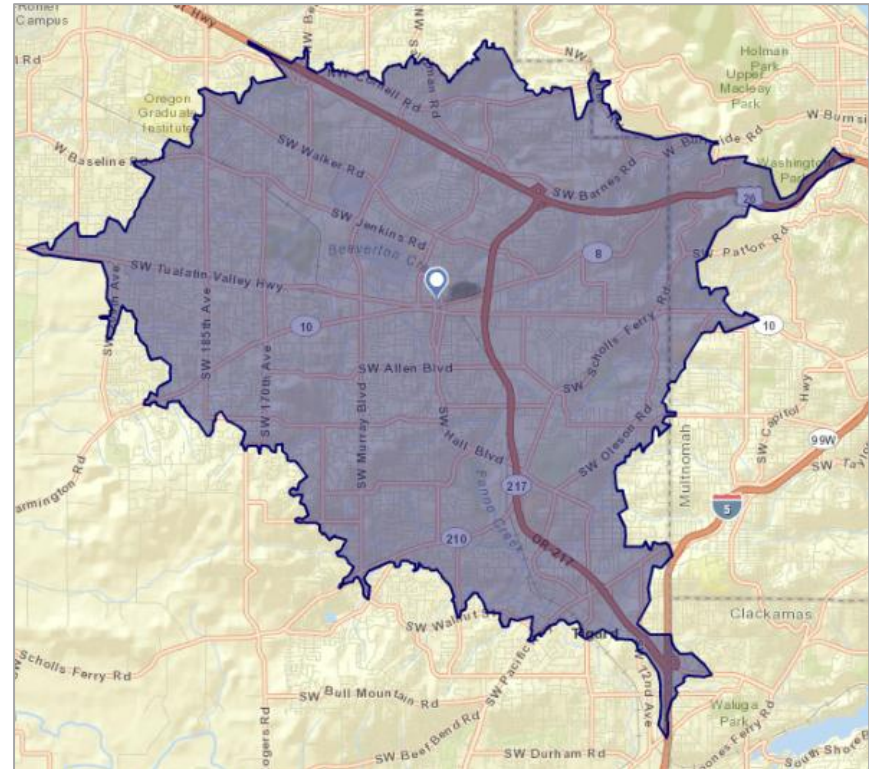
 asset/strength  needs work  neutral

Consumer Marketplace



- Trade Area Population
 - 196,125 residents
 - 79,219 households
- Projected Growth
 - 1.3% per year by 2016 (12,858 new residents and 5,261 new households)
 - Above projected growth rates for metro Portland
- Local Employees
 - 16,349 within a one-mile radius
 - 54,922 in the City of Beaverton

Retail Trade Area: 9-Minute Drive



Consumer Marketplace



- Income
 - Median household income of \$55,165 in the trade area (slightly above metro Portland median of \$54,672)
- Diversity
 - Majority of trade area residents are white (75%)
 - Minorities include:
 - Asians/Pacific Islanders (9%)
 - African Americans (2%)
 - American Indians (1%)
 - Other Races /Two or More Races (13%)
 - Hispanic Origin (17%)
 - Restaurant mix reflects racial and ethnic diversity (Korean, Asian, Guatemalan, etc.)



Market Opportunity



- Existing Sales Balance
 - Comparison of current retail trade area demand versus retail trade area supply
 - Beaverton trade area currently draws shoppers from beyond its border - i.e., retail supply outweighs retail demand generated by local residents
- Future Retail Demand
 - Based on trade area population projections and local spending patterns, there is potential demand for **402,675 square feet of new retail space** by 2017

Market Opportunity



- Future Retail Demand by Merchandise Category

Merchandise Category	Potential Demand for Space (SF) by 2017
Apparel	40,121
Home Furnishings	40,079
Home Improvement	42,486
Miscellaneous Specialty Retail	46,930
Grocery	81,217
Health/Personal Care	13,712
Restaurants	73,624
Entertainment	28,354
Personal Services	36,151
Total	402,675

Source: ESRI BIS, Marketek, Inc.

Available Shopping

N

- Beaverton retail inventory of 7.8 million square feet with a 6.1% vacancy rate (Source: CoStar)
- 'Very good' selection of convenience and comparison goods with over a dozen neighborhood-serving centers
- Large national retailers and chains dominate in community centers with a significantly smaller number of locally-owned 'anchors'
- Nearly all centers are auto-oriented
- Within downtown proper, about 15 specialty shops and a dozen restaurants
- Limited independent retailers



Business Mix



- Mix of restaurants, eclectic retail and alternative healthcare that do not connect to each other.
- Dominant use is office.
- Many destination businesses but no destination blocks or clusters



Business Mix



Isolated, destination retailers; few clusters



6 Korean businesses in close proximity

Downtown Real Estate Product



Vacancies are predominately office/service



Service in retail space



Inventory of space is lacking and is important for retail marketing

Few Available Retail Spaces



Mixed-Use Development Opportunities



Downtown Development Vision



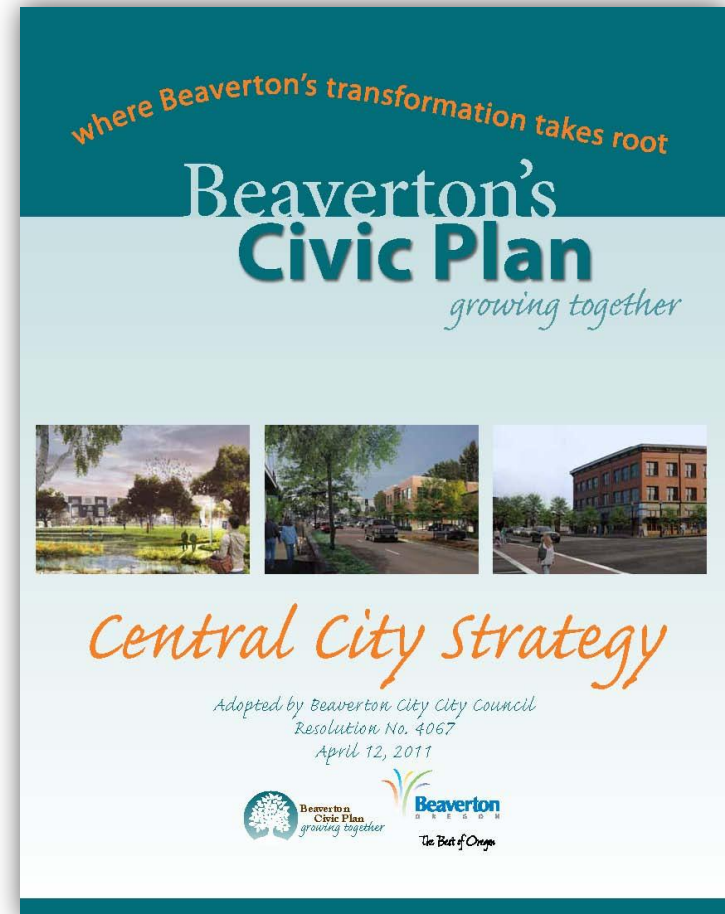
- Downtown Housing
 - 400 new housing units (including senior) planned/proposed
 - Downtown housing will:
 - Generate significant demand for new commercial nodes
 - Provide opportunities to influence Downtown's position in the market
 - Shape long-term development patterns
- Retail
 - Collective vision for retail is unclear
 - What is Beaverton's retail vision?
 - What business and merchandise types are we targeting?
 - What are the prime locations for retail foot traffic?
 - What are we offering them?

Development Strategy

N

- How do development plans support downtown economic development?

For downtown, one or more retail/entertainment focus areas are critical to creating a destination district





Vibrant Retail Streets

- Vibrant Streets are...
 - Walkable, retail-appropriate, anchored, unified, accessible, visible, home to an innovative business mix
- Broadway
 - Compact, two-way is plus
 - Mix of restaurants & specialty goods
 - Lacks visibility and cohesive shopping
 - No community anchors
- Watson
 - Closest to civic energy and small, two-sided block grid system
 - Needs economic restructuring



Civic Anchors w/out Adjacent Retail



Nothing 'pops'



Accessibility

N

- Over 31,000 vehicles per day at intersection of Farmington & Watson Avenues, though one-ways streets make turning a challenge
- Transit accessible
- Free on-street parking and free parking in multiple downtown lots, though better signage is needed

Local Incentives



- Storefront improvement loans and grants matching investments up to \$20,000
- No on-site parking requirement for commercial businesses
- Free parking for downtown customers and employees

Downtown Image & Identity



- Downtown lacks a strong retail identity. 'Old Town' theme is stale & signals a *place of the past*
- Despite nearly 30 downtown restaurants & retailers, the district lacks cohesiveness
- No gateway signage to signify you have arrived downtown
- Customers need 'no brainer' signage to find and circulate downtown

Marketing & Promotion Opportunities



- Farmer's Market
 - Attracts 15,000 to 20,000 visitors weekly
- First Friday
 - Monthly event featuring extended business hours, entertainment, demonstrations, tastings and discounts
 - Participants include 44 downtown businesses
- Beaverton Library
 - Attracts XX visitors weekly
- Beaverton High School holds activities and events 200 days of the year

Target Business Marketing & Lead Generation

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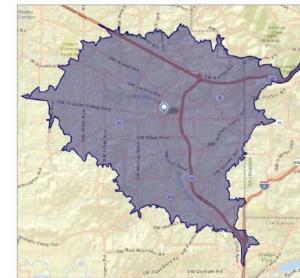
- Beaverton is in early stage of systematic retail business development
- Ready...Set...Market!
- Measure Results

Beaverton, OR Downtown Retail Opportunities

Located seven miles west of Portland, the City of Beaverton is Oregon's sixth largest city, with a population of over 90,000 residents. Its family-friendly atmosphere includes well-planned residential neighborhoods, over 1,000 acres of park space and a vibrant downtown. The City's Main Street program recently established the Beaverton Downtown Association (BDA) to enhance downtown's role as the cultural and economic heart of Beaverton. With ample market demand and support for small businesses from the City, Downtown Beaverton is an ideal location for new and expanding businesses in the Portland region.

Top 5 Reasons to Locate in Downtown Beaverton

Retail Trade Area: 9-Minute Drive



1 Strong Target Markets

- Retail trade area of 200,000 residents and 80,000 households
- Trade area is projected to add 12,000 residents and 5,000 households over next five years
- Over 16,000 employees work within one mile of downtown

2 Expanding Retail Demand

- Market analysis shows potential demand for an additional 400,000 square feet of retail space in the trade area by 2017

3 Ongoing Downtown Activity

- Beaverton Farmer's Market attracts up to 20,000 visitors weekly
- Forty-four downtown businesses participate in monthly First Friday events, with extended hours, entertainment, tastings, demonstrations and discounts
- Over 400 housing units are planned or proposed for downtown

4 Development Opportunities

- Downtown spaces available and ready for new retailers
- Key business niches to be filled include casual dining, healthy/vegetarian cuisine, a brewpub, a bookstore, unique apparel stores and a gourmet grocer

5 Business Assistance

- Storefront improvement loans and grants matching investments up to \$20,000
- No onsite parking requirement for commercial development
- Free on-street and downtown parking for shoppers and employees



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Retail Summary

Top Assets

- Strong demographics & growing markets
- Strong civic, restaurant anchors
- Selected market opportunity
- Watson and Broadway have potential to be vibrant retail streets

Top Challenges

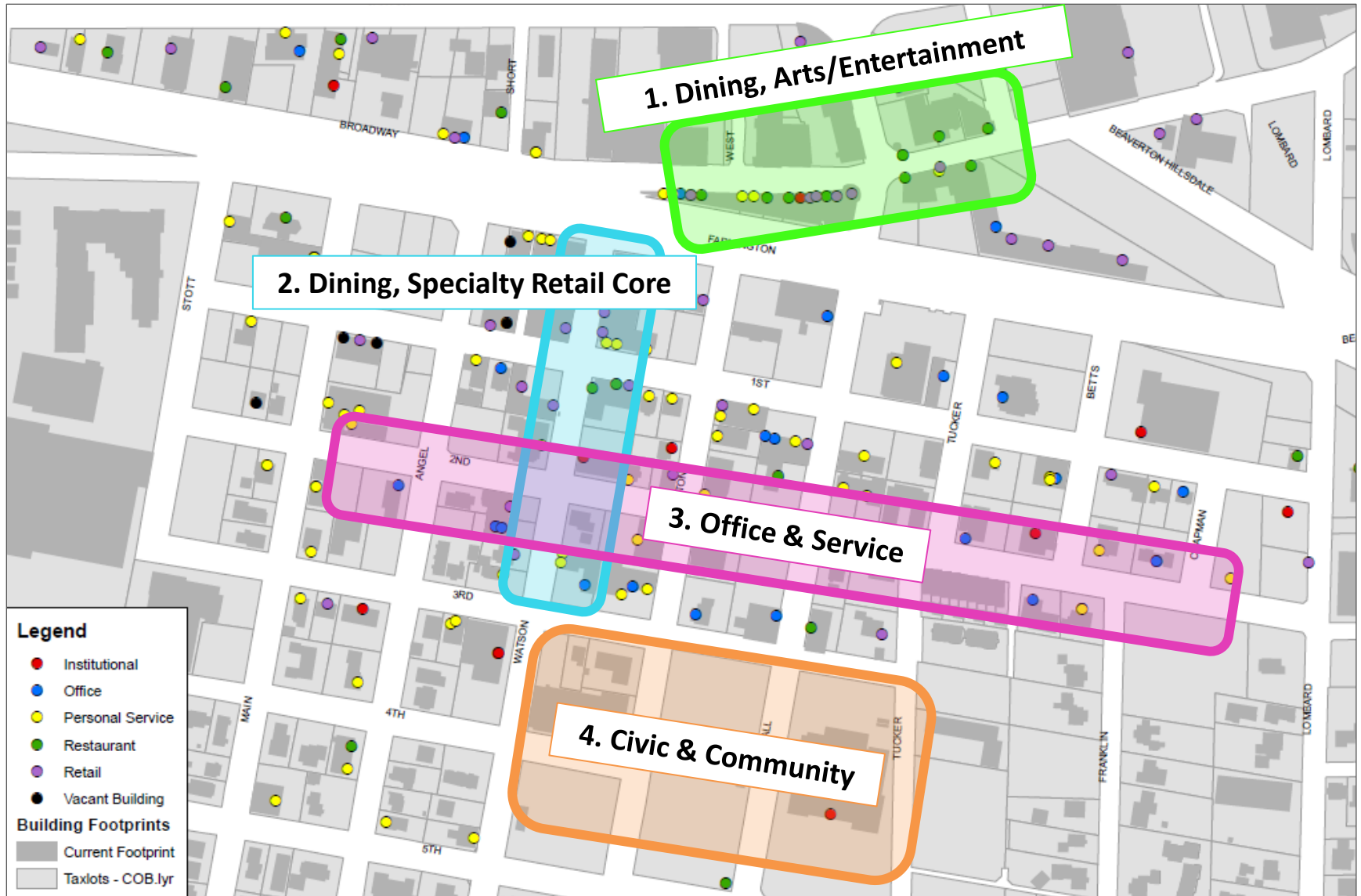
- Few retail-appropriate vacancies
- Built environment is office oriented, chopped up in most blocks; Broadway & 'Old Town' completely disconnected
- Limited immediate opportunity for clustering
- Downtown lacks a retail market identity

Retail Strategy (1-2 years)

1. Focus on creating vibrant retail nodes (or sub-districts : *see next slide*) in at least one of the following:
 - Watson (b/w Farmington & 3rd)
 - Broadway
 - Hall near the park/library (incorporate Ava's as a catalyst)

**Accentuate the positives, hot spots, civic and commercial anchors*
2. Work pro-actively with property owners to promote a unified vision/cluster plan; seek to control/influence pivotal properties through short term leases, incentives, purchase. Create schedule of outreach; stay on top of pending, pivotal vacancies.
3. Attract local, independent businesses w/ creative strategies and incentives (business assistance, rent discounts, aggressive campaigns)

Downtown Beaverton Sub-districts



Retail Strategy

4. Fill niches identified by shoppers in 2011 survey:

Restaurants

- Casual locally-owned dining

- Healthy/ vegetarian

- Brewpub/steakhouse

Retail

- Bookstore

- Unique clothing and gifts

- Gourmet grocery/wineshop

Community center, place for kids to play, art/cultural center

Retail Strategy

5. Make a plan to repurpose key downtown buildings and vacant parcels that do not contribute to street life (community garden, food cart court, etc.)
6. Reinforce retail development through physical environment – signage, specific shared parking strategy, location of housing

Clarify potential BURA assistance in support of the steps above.



Encourage Start-Ups

- Retail start-ups need flexible, smaller-sized, reasonably-priced, quality space (e.g., Camelia's Candles)
- Opportunities for incubator space may exist in older centers



- Potential incubators include:
 - Made in Beaverton Center
 - International Retail/Dining Center reflecting Beaverton's diversity

In Summary, Make a Commitment

- Use Watson as a demonstration sub-district for actively working to influence property owners, property appearances and business mix; for piloting the parking management initiatives under discussion; and for improving public right-of-way/parking, etc. with landscaping, signage, etc.
- Demonstrate that the City is listening, is acting on its policies, plans and vision for Downtown Beaverton; and can help catalyze change and generate positive results.